

KENTUCKY DEPARTMENT OF EDUCATION

STAFF NOTE

Action/Discussion Item:

Declaration of Emergency in the Jackson Independent School District

Applicable Statute or Regulation:

KRS 160.550

Action Question:

Should the Kentucky Board of Education declare an emergency in the Jackson Independent School District?

History/Background:

Existing Policy. KRS 160.550 (see attached) provides that districts shall not carry a deficit fund balance from one fiscal year to the next. Jackson Independent, in the year ended June 30, 2005, had a negative balance in Fund 1 of \$87,859 and a negative balance in Fund 51 of \$3,127. These negative balances total 2.5% of the district's budget. This is down from a positive 2.7% fund balance at the end of June 2004. These figures may be adjusted slightly with receipt of the work of the independent auditor that is not due until October 31, 2005.

Much of this deficit is due to Jackson Independent providing services to students without a nonresident contract. For several years, Jackson Independent School District and Breathitt County School District have been unable to reach an agreement concerning nonresident students and have therefore appealed to the Kentucky Board of Education to set the terms of the agreement. The Kentucky Board of Education determined for the 2004-2005 school year that of the 410 total Breathitt County resident students enrolled in the Jackson Independent School District, SEEK funding would follow 249 students. The 249 students whose funding was allowed to go to Jackson Independent are students who were attending Jackson Independent at the time of the original Jackson Independent appeal. Therefore, the SEEK funding Jackson Independent will receive during the 2005-2006 school year will not include approximately 161 students for which Jackson Independent provided services during the 2004-2005 school year.

It is also important to note that there is no nonresident contract in place for the 2005-2006 school year and that no appeal has been filed to date. Based on 2004-2005 enrollment, the Jackson Independent School District will have approximately 175 students enrolled in the 2005-2006 school year who will generate SEEK funding through attendance.

The declaration of emergency requires the approval of the chief state school officer for any expenditure, authorization, employment, purchase or contract. The Office of District Support Services will provide on-site staff to ensure all required approvals are secured. Additionally, a Management Audit will be conducted to assist the district in the identification and implementation of fiscally responsible practices. The results of the Management Audit will be presented to the Kentucky Board of Education at the December meeting.

Staff Recommendation and Rationale:

Staff recommends enacting the declaration of emergency. The statutory requirements provide no other option.

Impact on Getting to Proficiency:

It would be very difficult for any district to deliver an appropriate education to all students given the financial situation Jackson Independent is facing. This situation must be corrected to move the district toward proficiency.

Contact Person:

Kyna Koch, Associate Commissioner
Office of District Support Services
(502) 564-3930
kyna.koch@education.ky.gov

Deputy Commissioner

Commissioner of Education

Date:

October 2005